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First covert contra plan hatched in '83

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WASHINGTON - The events leading to the current arms scandal, in which funds from weapons sold to Iran were diverted to rebels in Central America, did not mark the first time the Reagan administration funneled military aid to the anti-Marxist rebels against the wishes of Congress.

A similar, though less complicated, scheme was engineered three years ago. Just as the Iranian arms deal of 1985-86 was planned at a time when Congress had outlawed military assistance to the rebels trying to overthrow the government of Nicaragua, so, too, was this earlier episode hatched in the face of legislative restrictions.

In 1983, Congress placed a \$24 million cap on aid to the Nicaraguan rebels, known as contras. By the end of that year, the limit had been hit but the administration wanted to give more. Thus, the Central Intelligence Agency coordinated a secret operation called "Project Elephant Herd."

Under this operation, according to Internal Pentagon documents obtained by the Globe, \$12 million worth of military supplies - including three Cessna O-2 observation planes, which could be converted to carry rockets - were to be declared "surplus to requirements" of the military. As such, they would be valued as worthless.

They were then transferred to the contras, and - since it had no dollar value - the shipment did not technically violate the congressional restriction.

The CIA had reportedly asked for \$32 million, but Pentagon officials - who called the request "the Christmas list" - whittled it down.

The operation did have a consequence, though probably not what was intended. In August 1984, the three planes carried out an air assault on a Nicaraguan military school near the Honduran border, and Nicaraguan troops shot down an accompanying helicopter in which two American advisers were flying, killing both.

Within days, the origins of the three planes and the existence of Project Elephant Herd leaked out. Several legislators, most vocally Sen. James Sasser (D-Tenn.), raised concerns that the administration had deliberately circumvented the congressional restriction on contra aid and may have violated the Economy Act, which requires that federal agencies be fully reimbursed when their resources are used for special operations.

This was especially so, because only a few weeks earlier the United States had sold - not given - the same types of planes to Honduras, and because the Air National Guard base at Stewart Airport in New York, from which the three contra planes had been taken, still held onto 13 of the supposedly "surplus" aircraft.

It is not yet known how widely scattered

were the officials who decided last year to divert Iranian arms money to the contras: the White House claims only Adm. John M. Poindexter and Lt. Col. Oliver L. North, the former national security adviser and one of his deputy directors, respectively, knew anything about it.

However, Project Elephant Herd was an operation executed through all the proper channels.

It was initiated by the CIA. CBS News reported recently that North "worked directly with the CIA" on the project. Internal Pentagon documents indicate it was officially run by the Joint Chiefs of Staff. Assigned the project number STX-40-019, it was coordinated by "AF/PRPRC," the "resources and flying hours division" of the office of the deputy Air Force chief of staff for programs and resources.

This office instructed the Air Force Logistics Command in Fairborn, Ohio, to declare the three airplanes "surplus" and to "arrange movement of the aircraft."

The planes were declared "excess to [Air National Guard] requirements" in a memorandum dated Dec. 9, 1983. They were flown to Andrews Air Force Base outside Washington, then to Summit Aviation Inc., a company in Middletown, Del., which, according to several press reports, has frequently modified airplanes, including Cessna O-2s, for military purposes. The company has also reportedly done work for the CIA and has hired former CIA officials.

At Summit, in February 1984, each plane was fitted with four pods, capable of holding 28 rockets. From there, they were taken to Central America and put into the hands of contras.

Officials say Project Elephant Herd was not a unique operation. They say congressional restrictions on military aid - not just to contras, but to many countries and rebel groups - are frequently circumvented in this way.

One former Pentagon official who was involved in arms sales, who asked not to be identified and who is not critical of the practice, says: "Look, the CIA doesn't stock anything. They have every right to come to the Department of Defense to ask for our assistance on a routine basis."

The business of declaring arms "surplus" - so that they can be recorded in accounting books as having no value and, therefore, can be exported without regard to congressionally imposed ceilings - "is done all the time," the former official says.

"Congress may occasionally get angry that Defense is imaginative," the official continues. "They'd write a new law to try to tie us down, and within five minutes somebody would find a way to drive an elephant through it. That's been going on forever. Everybody would be careful to stay within the law. They bent the hell out of it, but they didn't break it."